

CITY OF REEDLEY

\$12,615,000

2017 WATER REFUNDING REVENUE BONDS

Fresno County, California

Dated: April 12, 2017

Base CUSIP⁺: 758334



**2020 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT**

As of January 12, 2021

Also available at:



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* In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

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I. INTRODUCTION

The City of Reedley (the “City”) issued \$12,615,000 2017 Water Refunding Revenue Bonds (the “2017 Bonds”). The proceeds of the 2017 Bonds were issued to refund the Reedley Public Financing Authority Water Revenue Bonds, Series 2007 (the “2007 Bonds”).

The City is located in the central San Joaquin Valley portion of California, lying just inland between the State’s coastal mountain ranges and the Sierra Nevada Mountains. The City is situated approximately twenty-five miles southeast of the City of Fresno.

The 2017 Bonds are payable solely from Net Revenues, as defined within the Official Statement dated March 23, 2017 (the “Official Statement”), of the City’s Water System, as defined within the Official Statement, derived primarily from charges and revenues received by the City from the operation of the Water System, less the costs of the operation and maintenance of the Water System.

The 2017 Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The 2017 Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement (the “Report”) is being provided pursuant to a covenant made by the City for the benefit of the holders of the 2017 Bonds and includes the information specified in a Continuing Disclosure Certificate. For further information and a more complete description of the City and the 2017 Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the City and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Report that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described herein.

THIS REPORT IS OF A FACTUAL NATURE WITHOUT SUBJECTIVE ASSUMPTIONS, OPINIONS, OR VIEWS AND MAY NOT BE RELIED UPON AS ADVICE OR RECOMMENDATION TO PURCHASE OR SELL ANY PRODUCT OR UTILIZE ANY PARTICULAR STRATEGY RELATING TO THE ISSUANCE OF MUNICIPAL SECURITIES OR PURCHASE OF FINANCIAL PRODUCTS. IN PROVIDING THIS REPORT, WILLDAN FINANCIAL SERVICES AND ITS EMPLOYEES (COLLECTIVELY “WILLDAN”) DO NOT RECOMMEND ANY ACTIONS AND ARE NOT ACTING AS AN ADVISOR TO ANY MUNICIPAL ENTITY, BOARD, OFFICER, AGENT, EMPLOYEE OR OBLIGATED PERSON PURSUANT TO SECTION 15B OF THE EXCHANGE ACT UNLESS SPECIFICALLY AGREED TO IN A SEPARATE WRITING WITH THE RECIPIENT. PRIOR TO ACTING ON ANY INFORMATION OR MATERIAL CONTAINED IN THIS REPORT, YOU SHOULD DISCUSS IT WITH APPROPRIATE INTERNAL OR EXTERNAL ADVISORS AND EXPERTS AND ONLY RELY UPON THEIR ADVICE.

II. REFERENCE TO PREVIOUSLY FILED INFORMATION

For historical information, reference is made to the Reports previously filed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA").

III. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	As of December 31, 2020
2017 Bonds	\$10,905,000

IV. FINANCIAL INFORMATION

A. AUDITED FINANCIAL STATEMENTS

The audited financial statements for the City for the fiscal year ended June 30, 2020 have been separately filed on EMMA and are hereby incorporated by reference into this Report.

V. OPERATING INFORMATION

A. WATER PRODUCTION

The following table shows a five-year history of water pumped and processed, measured in gallons.

(per Million Gallons)		
Year	Annual Production	Daily Average Production
2016	1,281.54	3.51
2017	1,394.41	3.82
2018	1,467.62	4.02
2019	1,277.42	3.50
2020	1,592.29	4.36
Five Year Average	1,402.66	3.84

B. CAPITAL IMPROVEMENT PROGRAM SUMMARY

The City's projected capital improvement plan for the Water System for fiscal year 2020/21 through fiscal year 2024/25 is set forth below. The City intends to fund its capital improvement plan through fund equity and current revenues.

Fiscal Year	Amount
2020/21	\$195,000
2021/22	150,000
2022/23	185,000
2023/24	150,000
2024/25	185,000
Total	\$865,000

C. CURRENT CONNECTION / DEVELOPER IMPACT FEE STRUCTURE

The following table sets forth the connection / developer impact fee component of the Water System current rate structure.

Type of Connection	Connection Fee
Single Family Residential	\$1,984.00
Multi-Family Residential	\$1,323.00
Commercial	\$869.00
Industrial	\$447.00
Institutional / Other	\$140.00
Commercial (per square foot)	\$0.869
Industrial (per square foot)	\$0.447
Institutional / Other (per square foot)	\$0.140
City Center Commercial (per square foot)	\$0.435
City Center Industrial (per square foot)	\$0.224

D. CURRENT WATER RATE STRUCTURE

The following tables set forth the fixed and variable components of the Water System current rate structure.

Residential ⁽¹⁾ (Billed Monthly)	
<u>Service (Meter) Charge per Month</u>	
3/4" and 1"	\$32.64
1-1/2"	\$38.20
2"	\$43.43
<u>Commodity Charge (per 1,000 gallons)</u>	
0 - 15,000 gallons	\$1.06
15,000 - 25,000 gallons	\$1.11
Over 25,000 gallons	\$1.16

Non-Residential ⁽²⁾ (Billed Monthly)	
<u>Service (Meter) Charge per Month</u>	
3/4"	\$32.64
1"	\$32.64
1-1/2"	\$38.20
2"	\$43.43
3"	\$48.98
4"	\$70.86
6"	\$141.41
8"	\$226.65
<u>Commodity Charge (per 1,000 gallons)</u>	
0 - 15,000 gallons	\$1.06
15,000 - 25,000 gallons	\$1.11
Over 25,000 gallons	\$1.16

Irrigation ⁽³⁾ (Billed Monthly)	
<u>Service (Meter) Charge per Month</u>	
3/4"	\$32.64
1"	\$32.64
1-1/2"	\$38.20
2"	\$43.43
3"	\$48.98
4"	\$70.86
6"	\$141.41
8"	\$226.65
<u>Commodity Charge (per \$/1,000 gallons)</u>	\$1.20

(1) Residential is defined as including single-family residential, duplex, triplex and multi-family customers. Residential construction water will be billed per the rate structure above.

(2) Non-Residential customers include commercial, industrial, and other/schools (also includes residential customers with meters larger than 2"). Non-residential construction water will be billed per the rate structure above.

(3) Irrigation customers will be charged a monthly rate depending on meter size and a consumption rate. If customer has a second meter dedicated solely to landscape irrigation there will be no monthly service charge for that meter.

E. WATER RATE INCREASES

The following table sets forth historical water rate increases.

Fiscal Year	Rate Increase	Effective Date
2014/15	2.4%	6/1/2015
2015/16	9.5%	8/1/2016
2016/17	No Increase	
2017/18	2.4%	7/1/2017
2018/19	2.5%	7/1/2018
2019/20	2.5%	7/1/2019
2020/21	2.5%	7/1/2020

F. AVERAGE MONTHLY RESIDENTIAL BILLS

The following table sets forth typical comparative residential monthly water bills for neighboring communities, based on customers.

Fiscal Year 2019/20	
Agency	Typical Monthly Bill
Dinuba	\$12.09
Fresno	\$17.90
Madera	\$23.51
Clovis	\$23.90
Sanger	\$24.27
Tulare	\$27.89
Lemoore	\$29.00
Woodlake	\$30.20
Kerman	\$32.20
Reedley	\$32.64

G. WATER SYSTEM PRINCIPAL USERS

The following table sets forth the ten largest customers of the Water System for fiscal year 2019/20.

Customer	Primary Business Activity	Revenue	Percentage of Total Revenues	Percentage of Total Water Use
Kings Canyon Unified School District	K-12 School	\$109,887	3.14%	7.92%
State Center Community College	College	42,695	1.22%	3.06%
Gerawan Farming	Farming	32,896	0.94%	2.43%
Youngstown Grape	Cold Storage	29,747	0.85%	2.43%
Palm Village	Senior Assisted Living	27,297	0.78%	1.73%
Kings River MHC Holdings	Residential	19,248	0.55%	1.39%
Sun Pacific Facilities	Cold Storage	18,548	0.53%	1.48%
F & H Enterprise	Cold Storage	14,698	0.42%	1.19%
Cal Packing & Storage, LP	Cold Storage	14,698	0.42%	1.21%
St. LaSalle School	K-12 School	10,849	0.31%	0.88%
Total System Revenues		\$320,563	9.16%	23.74%

H. REVENUES BY CUSTOMER TYPE

The following table sets forth a breakdown of revenues of the Water System by customer type (excluding revenues derived from connection fees, late payment penalties and shut-off fees) for fiscal year 2019/20.

	Number of Accounts	Consumption (1,000 gal)	Percent of Total Consumption	Total Revenues	Percent of Total Revenue
Single-family	5,075	528,670	55.63%	\$2,512,708	71.80%
Multi-family	260	110,324	11.61%	255,470	7.30%
Commercial	409	128,871	13.56%	339,461	9.70%
Industrial/Other	45	110,858	11.67%	171,480	4.90%
Irrigation	66	71,571	7.53%	90,989	2.60%
Fire	379	0	0.00%	129,486	3.70%
Total	6,234	950,294	100.00%	\$3,499,594	100.00%

I. REVENUES FROM CONNECTION AND FACILITIES FEES AND CAPACITY CHARGES

The following table sets forth a five-year history of revenues of the Water System derived from development impact fees.

	Fiscal Year				
	2015/16	2016/17	2017/18	2018/19	2019/20
Development Impact Fees	\$119,291	\$37,034	\$49,912	\$15,118	\$30,390

J. REVENUES, EXPENDITURES AND DEBT SERVICE COVERAGE

The following table presents the calculation of debt service coverage for the Water System for the previous two fiscal years.

	Fiscal Year	
	2018/19	2019/20
Operating & Nonoperating Revenues		
User Fees	\$3,374,096	\$3,500,066
Rents	0	26,360
Misc. Operating Revenue	97,406	72,092
Impact Fees	15,118	30,390
Interest Income	280,268	273,057
Other	55,805	18,609
Total Operating & Nonoperating Revenues	\$3,822,693	\$3,920,574
Operating Expenses		
Personnel	\$1,198,256	\$1,292,881
Supplies, Materials, Utilities and Other	1,129,034	992,638
Contractual	17,254	271,374
Total Operating Expenses	\$2,344,544	\$2,556,893
Net Revenues Available for Debt Service	\$1,478,149	\$1,363,681
Debt Service		
2017 Bonds	\$863,031	\$867,306
Total Debt Service	\$863,031	\$867,306
Debt Service Coverage	1.71	1.57

VI. OCCURRENCE OF LISTED EVENTS

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***irrespective of any determination as to whether such event may or may not be deemed material***. The City has no knowledge that any of the events listed below have occurred that have not been previously reported during the fiscal year ended June 30, 2020.

1. Principal and interest payment delinquencies on the 2017 Bonds.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2017 Bonds.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to the City.
9. Ratings changes.

The Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***if deemed material***. The City has no knowledge that any of the events listed below have occurred that have not been previously reported during the fiscal year ended June 30, 2020.

10. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the City or the dissolution of the City.
11. Appointment of a successor or additional Trustee or the change of the name of the Trustee or any successor or additional Trustee.
12. Non-payment related defaults.
13. Modifications to the rights of Holders.
14. Optional, contingent or unscheduled bond calls, prepayment or redemptions other than defeasances.
15. Release, substitution or sale of property securing repayment of the 2017 Bonds.